GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:292
ANSWERED ON:05.08.2016
Regional Rural Banks
Nimmala Shri Kristappa

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has reviewed the working of the Regional Rural Banks (RRBs) during the last three years and if so, the details thereof along with the deficiencies noticed therein and the corrective action taken thereon;
(b) whether the Government has taken any decision to bring RRBs at par with Public Sector Banks and if so, the details thereof;
(c) whether the employees of RRBs have been demanding pay parity with those of Public Sector Banks from time to time; and
(d) if so, the reaction of the Government thereto?

Answer

FINANCE MINISTER

(a) to (d): A Statement is laid on the Table of the House.

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Statement referred to in reply to parts (a) to (d) to LokSabha Starred Question No. *292 to be answered on 5th August, 2016 regarding 'Regional Rural Banks'

(a): In terms of Section 35(6) of Banking Regulation Act, 1949, the supervisory inspection of RRBs is carried out by the National Bank for Agriculture and Rural Development(NABARD). Accordingly, NABARD has been reviewing the performance of Regional Rural Banks (RRBs) every year on regular basis. During last three years, the review of RRBs was taken on 25th February, 2014, 18th February, 2015, 11th July, 2015, 21st January, 2016 and 11th July, 2016.
During the latest Review meeting held on 11th July, 2016, the main areas of concern were deliberated and the same are given in Annex-I.

(b)to (d): The Regional Rural Banks (RRBs) were established under the provisions of the Regional Rural Banks Act, 1976. The Public Sector Banks(PSBs) were set up under the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970, Companies Act, 2013, State Bank of India Act, 1955 and SBI(Subsidiary) Act, 1959.
The pay scales of RRBs are decided based on the Bipartite Settlements signed by Indian Banks Association (IBA) and Unions/Associations of employees of Public Sector Banks. On the basis of 10th Bipartite Settlement signed on 25th May, 2015, the pay scales of RRB employees were revised on 31st July, 2015.

Annex-I
Major issues with RRBs
1. Recapitalisation
RBI has stipulated norms for Capital to Risk Weighted Assets Ratio (CRAR) of 9% as minimum requirement for RRBs. In cases where CRAR is less than 9%, recapitalisation assistance is required to be provided by Central Government, Sponsor Bank & State Government in the proportion of 50%, 35% & 15% respectively.

2.Priority Sector Lending
The share of Priority Sector advances of RRBsincreased from 84% as on 31stMarch 2015 to 87% as on 31stMarch, 2016.

3. Agri Loans:
The share of RRBs in agricultural loans increased from 61% of the total loans outstanding as on 31stMarch, 2015, to 64% on 31stMarch, 2016.
4.Term Loans:
As on 31stMarch, 2016, term loans of RRBs stood at Rs.36,110 crore accounting for 17% of the total outstanding loans as against Rs.28,027 crore as on 31stMarch, 2015 which constituted 15% of the total loans outstanding.
5.Recovery Performance
The level of overdues of RRBs increased from Rs.19,290 crore as on 30th June, 2014 to Rs.23,578 crore as on 30thJune, 2015. In percentage terms, the recovery position improved from 79.50% as on 30thJune, 2014 to 82.56% as on 30thJune, 2015.
[The figures relate to 31stMarch, 2016(unaudited) as reported by RRBs]